

## Plunging in Liberty Bonds Is Nothing — Compared to Plunging Into Machine Gun Fire!

## Finance - Economics

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Reading that a famous shrine of the sybarites is in trouble because its patrons have all at once discovered what millions of other Americans knew before—namely, that sweet cider is superior to champagne and that fancy sauces are non-essential in war time—one is likely to jump to the conclusion that the people are at last economizing as they should and must if the goods and services required for war are to be provided. But that, unfortunately, is not the case. It is true that many persons, and particularly those who have always been able to indulge in the luxuries, are saving, and saving hard. But it is probably true, also, that the total civilian consumption of goods is almost if not quite as large as it was before the United States entered the war and that in many places, particularly the rural districts and industrial centres, the only important check to consumption is that administered by inability of merchants to obtain supplies. The situation is clearly outlined by Frank O. Wetmore, president of the First National Bank of Chicago, in an interview with this financial correspondent in that city.

"The continuous preachments on economy by speakers, through the newspapers and in every other way possible," says Mr. Wetmore, "are having some effect in certain lines, but I do not believe that they are being followed as extensively as is desired by the government. People who are well-to-do or wealthy—who have been accustomed to indulging themselves in every kind of luxury—are economizing, and this is having a good effect in diverting money and goods to government channels. This class is denying itself the things it always had.

"But there is another class, consisting of expert mechanical workers and industrial people generally (Mr. Wetmore might have added, also, the farmers), who are making big money, far in excess of anything many of them ever dreamed of. This has caused unusually large expenditures—not a wild, reckless throwing away of money, but a general indulgence in the things that these people were unable ever to buy before. Personally, when I was a young fellow with no extra money, my ambition was to indulge myself in a clean shirt every day. Nearly everybody at one time or another has down in his or her heart desired to possess some one thing that could be bought with money. With many it has been a fad or life dream to have some one particular thing, or maybe several particular things, but the money has perhaps never been available for the purpose. The big wages paid at this time have enabled many of these people to gratify that life ambition and to indulge in certain little luxuries—it may be a piano, a talking machine or most likely a piece of jewelry, and I think investigation would show that many lines of business are flourishing. I know the jewelry business is flourishing, for the reason stated."

Normally there would be no serious objection to expenditures of this character, for only the individual would be concerned. But thrift, while merely a virtue in peace, is in war time a hard national necessity. Only by practising it as never before can the labor and materials essential to victory be made available. Instead of an abnormal standard of living, there must be a subnormal standard for civilians, in order that the soldier may lack nothing. Exhortation has not sufficed to bring this home to the people. And time presses. Regulation of consumption in one form or another must be effected if the proceeds of Liberty loans and tax imposts are to command the goods that are needed.

## Money and Credit

Loans and discounts of the Clearing House banks increased \$139,542,000, to a total of \$47,705,380,000, last week, the expansion in the item being due mainly to government operations in the money market. Excess reserves decreased \$10,121,729, amounting to \$36,704,010 at the close of the week, according to the statement issued yesterday. Net demand deposits were \$3,753,124,000, a decrease of \$12,538,000 compared with the preceding week.

United States government deposits with the banks increased from \$171,600,000 to \$316,798,000 during the week. The Federal Reserve Bank of New York added approximately \$65,000,000 to its total gold reserves, largely as a result of operations with the interior district banks. Operations in discounts and acceptances were somewhat smaller than the preceding week.

The Federal Reserve Bank of New York has put in force the following schedule of rediscount rates, which apply to bankers' acceptances: Maturities

up to 15 days, 4 per cent; 16 to 60 days, inclusive, 4½ per cent; 61 to 90 days, inclusive, 4¾ per cent.

**Discount Rates.**—The following table gives the current rates of the twelve Federal Reserve banks on commercial paper for all periods up to ninety days:

City	Rate	City	Rate	City	Rate
Boston	4	434	434	St. Louis	4
New York	4	434	434	Minneapolis	4
Philadelphia	4	434	434	Kansas City	4½
Cleveland	4½	434	434	Dallas	4½
Richmond	4½	434	434	San Francisco	4
Chicago	4	434	434		

**Bank Clearings.**—Bank clearings yesterday in New York and other cities were:

Exchanges	Balances
New York	\$603,565,618
Boston	\$9,087,862
Philadelphia	\$6,479,459

**Sub-Treasury.**—The banks lost \$32,000 to the Sub-Treasury yesterday.

**Silver.**—London, 49½d, unchanged; New York, 101½c, unchanged; Mexican dollars, 78c, unchanged.

**Bank Acceptances.**—Rates yesterday were unchanged as follows:

Spot	Thirty	Sixty	Ninety
days	days	days	days
Eligible member banks	4½	4½	4½
Eligible non-member banks	4½	4½	4½
Ineligible member banks	4½	4½	4½
Ineligible non-member banks	4½	4½	4½

**The Dollar in Foreign Exchange.**

News of Bulgaria's surrender resulted in an abrupt decline in neutral exchange rates in this market last week. The movement carried the rates to the lowest levels in months, offerings being considerably larger than the market could absorb.

Individuals and firms with balances in neutral countries had been holding in expectation of higher rates, but on the unexpected development in the Balkans there was a scramble to unload. Holland guilders which recently were quoted above 50 cents, dropped last week below 46, later recovering to 48. Declines of 1 to 2 per cent were recorded in the Scandinavian rates, while Swiss francs also went lower.

Spanish pesetas were also easier on the war news. It developed last week that the new credit which Spain is to make to the United States will be used exclusively by the American government and no exchange will be made available for private purposes.

If you calculate the cost of the dollar in terms of foreign money at par value—that is, if you were buying dollars with pounds, marks or francs—its value at the close of last week, as compared with a year ago, would be about as follows:

Year	Cost of one dollar
1917	\$1.00
1918	\$1.00

**Closing rates yesterday, compared with a week ago, follow:**

Quoted (dollars to the pound)	Yesterday	Week ago
Sterling, demand	47½	47½
Sterling, sixty days	47½	47½
Sterling, ninety days	47½	47½

**(Quoted cents to the dollar)**

Yesterday	Week ago
France, checks	547½
France, cables	546½
Italy, checks	636
Italy, cables	636
Spain, checks	463
Spain, cables	441½

**(Quoted cents to the unit)**

Yesterday	Week ago
Guillemets, checks	48.00
Guillemets, cables	48½
Rubles, checks	13.00
Rubles, cables	12.75
Swedish, checks	32.10
Swedish, cables	32.30
Denmark, checks	28.95
Denmark, cables	29.15
Norway, checks	29.80
Norway, cables	29.60
Argentina, checks	44½
Argentina, cables	44½
India, rupees, checks	35½
India, rupees, cables	36½
Reserve Bank rate	35.73

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

Current	Intrinsic
Pounds, sterling	\$4.7560
France, francs	\$0.178
Guillemets	\$0.463
Italy, lire	\$0.13
Crowns (Denmark)	\$0.133
Crowns (Sweden)	\$0.137
Swedish, kronor	\$0.137
Norwegian, kroner	\$0.137
Argentine, pesos	\$0.137
Indian, rupees	\$0.137

## English Banks Preparing for Reconstruction

## Sir Edward Holden Defends General Tendency Toward Amalgamation

Sir Edward Holden, chairman of the London City and Midland Bank and a member of the financial mission that came to this country in 1915 on behalf of the \$500,000,000 Anglo-French loan, made a strong defence of the tendency toward banking amalgamations in England at the annual meeting held recently in London.

The opinion was expressed by Sir Edward that stronger banks would be needed to take care of after-war reconstruction and foreign trade development and to meet German competition. The concerns which have been converted from peace production into munition factories will have to be reconverted to their original condition, he observed, and in the case of a number of those branches of industry which have continued in their pre-war occupation, such as those producing for home consumption and for export, the plant and machinery have been allowed to run down, and it will be necessary to renovate them and bring them up to date, and even to a better condition than before the war. Large sums of money will have to be found for the purchase of raw material, and large sums will also be required to improve the trade position generally. It is estimated that no less than \$1,500,000,000 will be required for these purposes, and credit will in some way have to be created for that amount.

Another reason given by Sir Edward why bank amalgamations should be permitted was that every effort should be made to retain London as the financial centre of the world. "One of our principal competitors in the future will be Germany," he said. "And just as the Germans made great preparations for the war by increasing their armies and supplying themselves with large amounts of gold and munitions of war, so they are at the present time making their preparations for after-war trade. These preparations take the form not only of a continuation of the Darlehenskassen, but also of enlarging and strengthening their joint stock banks by amalgamations and by the opening of new branches. As a result of their amalgamations it is estimated that the Deutsche Bank at the present time has over \$300,000,000 of deposits, the Disconto-Gesellschaft over \$200,000,000, and the Dresdner over \$170,000,000, in addition to which it must be remembered that each of these three banks is affiliated with a number of smaller banks, over which they exercise direct control, and also a number of banks with which they are indirectly connected. For example, the Deutsche Bank is at the head of and directly controls a banking group consisting of twenty-five banks with total deposits of over \$450,000,000, while the Disconto-Gesellschaft has made up of fourteen banks with total deposits of over \$300,000,000. The Dresdner Bank also has a number of affiliated banks, and these three principal German banks with which we shall have to compete, and to do so successfully we must meet them on a fair equality of size."

In the opinion of Sir Edward there will be a scramble for gold after the war, for the metal will be in great demand for use as a credit basis. "If our country can import gold, and use that gold as the basis on which credit can be created, our difficulties will not be so great, but, as most other countries will be in a position similar to ours, it follows that they may also require to use gold for the same purpose. At the present time America, Holland, Japan and Spain have really more gold than they require, and it is conceivable that some of their gold may gradually flow away to our country and to countries in a position like ours. In addition to the gold in foreign countries which we might hope to draw upon, we have, of course, the gold coming from the South African mines, amounting last year to about \$28,000,000, and the gold from other parts of the Empire amounting in 1917 to about \$18,000,000.

"There will undoubtedly be a great demand for gold after the war, and when the South African mines are again offered for sale in London, we should at all costs retain it in this country and not allow other countries to take it from us, as was done before the war. We repeat that gold can be obtained matters may be arranged without much difficulty, but we must overlook the fact that the output of gold is diminishing in consequence of the increased cost of production, and we may be called upon to adopt some measure to assist production and maintain the output at a high level. If gold cannot be obtained, currency note, the Bank of England note, and the Bank of England note will have to be used to take the place of gold—that is to say large advances will have to be made by the banks. Such advances will create credits, and the cash balances, which will have to be used as reserves for those credits, will not be gold, but will be the currency note, the Bank of England note, and the Bank of England note."

**Italian Bank Co-operation.**

An agreement has been reached among the four leading Italian banks (Banca Commerciale Italiana, Credito Italiano, Banca Italiana di Sconto and Banca di Roma), under the auspices of the Minister of the Treasury, for the formation of a "consortio bancario" or banking amalgamation for specified objects. According to an official communication of the minister, the principal aims of the amalgamation are as follows: (1) The examination of the banking terms now existing; (2) the adoption of more favorable conditions in contracts with clients and banks; (3) the opening up of banking offices abroad; and (4) the promoting of business undertakings in Italy whose object is to exploit foreign markets. It is understood that these banks, while guaranteed absolute independence in their operations and in their respective directorates, pledge themselves to cooperate along the foregoing lines.

## Catching a Loan "Slacker"

A GREAT banker was walking to the subway, his progress hastened by the thought that after a week of strenuous Liberty Loan campaigning a day of rest was in sight. But his way was suddenly barred by a young lady soliciting subscriptions. "Buy a Liberty bond!" she cried. He ignored the appeal and turned out of his way to pass her, but she was not to be denied so easily. Grabbing his sleeve, she said: "Don't be a loan slacker. Buy just one bond." "But I have bought some," he answered. He had— a million dollars' worth. "Well, where is your button, then?" she demanded. He had none to display and cheerfully paid the penalty by entering a \$100 subscription.

## Federal Reserve Banks

RESOURCES	Oct. 4.	Sept. 27.
Gold in vault and in transit	\$373,255,000	\$370,220,000
Gold settlement fund (F. R. Bond)	419,665,000	437,319,000
Gold with foreign agencies	5,829,000	5,829,000
Total gold held by banks	\$798,749,000	\$813,368,000
Gold with Federal Reserve agents	\$1,181,485,000	\$1,161,731,000
Gold redemption fund	45,200,000	45,714,000
Total gold reserves	\$2,025,434,000	\$2,020,813,000
Legal tender notes, silver, etc.	51,937,000	51,363,000
Total reserves	\$2,077,371,000	\$2,072,176,000
Bills discounted: Secured by U. S. war obligations	1,255,956,000	1,221,533,000
All other	449,077,000	491,897,000
Bills bought in open market	311,990,000	288,391,000
Total bills on hand	\$2,017,023,000	\$2,001,821,000
United States government long term securities	28,289,000	28,546,000
United States government short term securities	56,514,000	50,098,000
All other earning assets	202,000	102,000
Total earning assets	\$2,102,028,000	\$2,080,566,000
Uncollected items	704,046,000	649,448,000
Five per cent redemption fund against Federal Reserve Bank notes	2,679,000	2,447,000
All other resources	13,262,000	12,858,000
Total resources	\$4,899,386,000	\$4,817,495,000
LIABILITIES	Oct. 4.	Sept. 27.
Capital paid in	\$78,903,000	\$78,802,000
Surplus	1,134,000	1,134,000
Government deposits	179,359,000	191,625,000
Due to member banks—Reserve account	1,496,415,000	1,535,490,000
Collection items	512,227,000	465,059,000
Other deposits, including for gov't credits	103,907,000	104,385,000
Total gross deposits	\$2,310,308,000	\$2,316,567,000
Federal Reserve notes in actual circulation	2,431,004,000	2,349,326,000
Fund—F. R. notes	40,305,000	35,819,000
All other liabilities	37,732,000	35,857,000
Total liabilities	\$4,899,386,000	\$4,817,495,000
Ratio of total reserves to net deposit and Federal Reserve note liabilities combined 51.5 per cent. Last week 51.6.		
Ratio of gold reserves to Federal Reserve notes in actual circulation after setting aside 35 per cent against net deposit liabilities 62.3 per cent. Last week 67.2.		

## Federal Reserve Bank of New York

The weekly statement of the Federal Reserve Bank of New York, as of October 4, compared with a week ago, follows:

RESOURCES	October 4.	Sept. 27.
Gold coin and gold certificates	\$353,212,339	\$288,055,818
Gold in vaults and settlement fund	306,627,065	301,564,315
Gold with F. R. agent and in redemption fund—F. R. notes	2,010,961	2,010,961
Gold with foreign agencies		
Total gold reserve	\$655,850,366	\$591,631,095
Legal tender notes, silver certificates and subsidiary coin	44,981,047	43,931,362
Total reserve	\$700,831,413	\$635,562,457
Bills discounted and bought:		
Rediscunts and advances—Commercial paper	101,702,890	117,129,706
Rediscunts and advances—U. S. obligations	542,802,518	560,232,938
Acceptances bought	113,679,205	155,574,701
Totals	\$758,184,614	\$832,937,340
Investments:		
United States bonds and notes	26,868,800	27,509,350
Totals	\$26,868,800	\$27,509,350
Total resources	\$1,485,884,828	\$1,496,009,154
LIABILITIES	October 4.	Sept. 27.
Capital paid in	\$20,184,200	\$20,184,200
Non-member banks' deposits (net)	588,675,200	624,243,382
Government deposits	5,884,987	4,489,222
Due to other Federal Reserve banks (net)	30,453,524	24,664,958
Due to War Finance Corporation	6,861,264	5,264,741
Federal Reserve notes (net)	799,825	2,103,069
Federal Reserve Bank notes (net)	719,317,215	699,650,060
Foreign government accounts	13,342,000	11,777,000
Other liabilities	92,617,103	92,438,069
Surplus	7,411,715	6,587,584
Totals	\$1,485,884,828	\$1,496,009,154
Federal Reserve notes outstanding	787,253,055	770,177,305
Against which there is deposited with Federal Reserve agent:		
Gold and lawful money	285,627,065	285,671,315
Commercial paper	758,184,614	832,937,340

## New York Clearing House Banks

The actual condition of the member banks, shown by the Clearing House yesterday, with the changes from the preceding week, follows:

Loans, discounts, investments	\$470,380,000	Inc. \$130,542,000
Cash in vaults of Federal Reserve members	100,272,000	Dec. 286,000
Reserve in Federal Reserve Bank	514,426,000	Inc. 11,973,000
Cash in vaults of state banks and trust co's	10,367,000	Dec. 593,000
Reserve in depositories	8,713,000	Inc. 834,000
Net demand deposits	3,753,124,000	Dec. 12,538,000
Total deposits	151,809,000	Inc. 138,000
Excess reserve	35,665,000	Dec. 5,000
Aggregate reserve	36,704,010	Dec. 10,121,729
	533,506,000	Dec. 11,732,000

\*United States deposits deducted, \$316,798,000.

**Argentine Loans Renewed.**

The Argentine Minister of Finance has renewed two short term loans with the Buenos Ayres banks to a value of \$4,750,000. The term of renewal was the usual one—180 days—rate of interest 5½ per cent per annum. It would appear from the statement of the floating debt lately submitted by the Ministry to the Legislature that the loans renewed are: One to the amount of \$2,000,000 obtained from Bunge & Born, the previous rate of interest hav-

## Maximum Prices Are Given Trial In Scandinavia

## Governments Are Trying to Regulate the Advancing Costs of Living

All the Scandinavian governments are giving attention to the advanced cost of living and are taking steps to ascertain actual conditions in order to remedy, so far as possible, the discrepancies between the necessary expenses and the earning power of the people, especially the laboring classes.

One method of relief is the fixing of maximum prices of articles for domestic consumption, according to the American commercial attaché at Copenhagen, Denmark. When these are fixed low enough to satisfy the consumers the domestic producers usually complain that they are below the cost of production. The government undertakes to equalize this by fixing high minimum prices for exportable products. For example, the maximum price for butter in Denmark is 3.20 crowns per kilo (39 cents a pound). The export price for butter is 8 crowns per kilo (97 cents a pound). The present cost of producing butter is about 48 cents a pound. If the producer receives 37 cents for domestic butter he loses 11 cents on the export. The government on all he is permitted to export (that is, the surplus over home requirements). When he can export as much as 15 per cent of the production at this price and the producer does not lose on the whole. At the moment the production is at the rate of about 70,000 tons a year, the consumption 50,000 tons and exports 20,000 tons (28½ per cent). Thus the present butter regulations seem to protect both the consumer and the producer.

Butter conditions will change for the worse when the cattle have no longer feed on grass, for there will be a shortage of imported oil cake, which is the mainstay of the Danish dairies. Low minimum prices on imported articles, such as flour, sugar, and wheat, of which there is no perceptible export, must make a loss for the government, and this is being made up by increased taxation, generally regulated to bear on the luxury articles. Another method of relief, which also costs the general taxpayer, is special salary increases. At present these are being granted to the laborer more than the middle class, and it is claimed that a butcher's clerk now receives in salary and bonus more than a university professor.

## War Puts State On Mining Map

## Northern District the Scene of a Miniature Rush of Prospectors

The war has put New York State on the mining map. High prices for the various metals and chemicals that enter into the manufacture of war essentials have stimulated operations in different parts of the state with surprising results. Northern New York, especially St. Lawrence County, is perhaps the most active mining district in the state at the present time. Within an area of twenty-five square miles in southeastern St. Lawrence several mines have been opened up and are actually producing iron pyrites and zinc in paying quantities.

Several miles northeast of Gouverneur Village a rich deposit of iron pyrites is being developed by the Frank Cole firm by the St. Lawrence Pyrites Company. One hundred tons of ore are now being raised daily. Discovery of the deposit was made by Mr. Cole, a prospector from New York City.

About ten miles southeast of this deposit in another township a vein of zinc has been uncovered and ore from it is going to the refineries of the New Jersey Zinc Company at Reading. In the town of Edwards still another deposit of zinc is being worked. One of the results of the increased mining activity in Northern New York has been a miniature rush of prospectors. Expert mining men from the West have paid the district a visit in hopes of making a strike. The part of the state already mined for iron and valuable deposits of fibrous talc, while iron ore, or hematite, is found in large quantities. Over on the edge of the Adirondacks magnetic iron ore is to be found.

Geologists say that the rock in St. Lawrence County and that portion of the Adirondack region is probably the oldest in the country, being of the Archean age. It is of great importance and the theory of the scientific mining men is that the minerals were deposited there from the cooling gas exuded by the molten rocks.

## Swedish Banking Profits

## Figures for 1917 Show Slight Falling Off, Compared With 1916

According to a report of Swedish banking conditions in 1917 Sweden owned fifty-nine bank companies at the beginning of 1917, fourteen of which were joint-stock companies, thirty-one bank-limited companies with more and fourteen bank-limited companies with a capital stock of less than 1,000,000 crowns. No less than twelve banks consolidated with others in the course of the year.

The aggregate capital stock of the Swedish banks during 1917 increased by 106,000,000 crowns (\$28,405,000), or 25.5 per cent, and was at the end of the year \$21,000,000 crowns (\$5,250,000). The reserve fund at the same time having increased by \$1,000,000 crowns (\$243,439,000) to \$32,000,000 crowns (\$8,000,000). The savings account grew during the year from \$69,000,000 to \$85,000,000 crowns. The aggregate net profits of the banks in 1917 were \$2,535,500, as against \$2,462,400 in 1916, thus nominally a decrease of \$1,072,000.

## Record Wool Shipments

A new record in wool shipments from Argentina was recently established when two vessels carried 6,000,000 pounds to the United States. The shipments were worth \$4,000,000 and the transaction was financed by the First National Bank of Boston through its Buenos Ayres branch.

## Argentine-Norwegian Trade